



February 19, 2013

MEMORANDUM TO: Board of Directors [REDACTED]

THROUGH: Richard J. Osterman, Jr. [REDACTED]
Acting General Counsel [REDACTED]

FROM: Floyd I. Robinson [REDACTED]
Assistant General Counsel [REDACTED]
Professional Liability and Financial Crimes Section

SUBJECT: Professional Liability Program Annual Report for 2012

This is a report by the Professional Liability Unit (“PLU”) of the Legal Division on the results of the FDIC’s professional liability program for 2012. It includes a review of PLU’s workload and staffing at year-end.

The purpose of the professional liability program is to hold accountable directors, officers, and professionals who cause losses to insured financial institutions that later fail and are placed in FDIC receivership. The program’s existence also enhances industry awareness of sound corporate governance standards. On behalf of the FDIC in its receivership capacity, PLU and the Investigations Department of the Division of Resolutions and Receiverships (“DRR”) conduct an investigation of every financial institution failure but only pursue professional liability claims that are both meritorious and expected to be cost-effective. PLU also refers cases to the appropriate primary financial regulator for administrative enforcement action. In addition, PLU assists DRR and the Legal Division’s Financial Crimes Unit to obtain criminal restitution on behalf of the FDIC as Receiver from defendants who have been convicted of banking crimes that caused losses to financial institutions that later fail and are placed in FDIC receivership.

Recoveries and Expenses

During 2012 PLU and DRR recovered \$337,332,160 and incurred expenses totaling \$110,149,337 for professional liability program activity. The recoveries were obtained from the following types of claims:

Type of Claim	Total Recoveries	
Director and Officer (“D&O”) Liability	\$288,839,963	(85.62%)
Fidelity Bond	\$29,142,043	(8.64%)
Mortgage Malpractice or Fraud (“MMF”)	\$14,488,845	(4.30%)
Attorney Malpractice	\$2,640,000	(0.78%)
Accountant Malpractice	\$740,000	(0.22%)
Residential Mortgage-Backed Securities (“RMBS”)	\$491,964	(0.15%)
Other	\$989,345	(0.29%)
TOTAL	\$337,332,160	(100.00%)

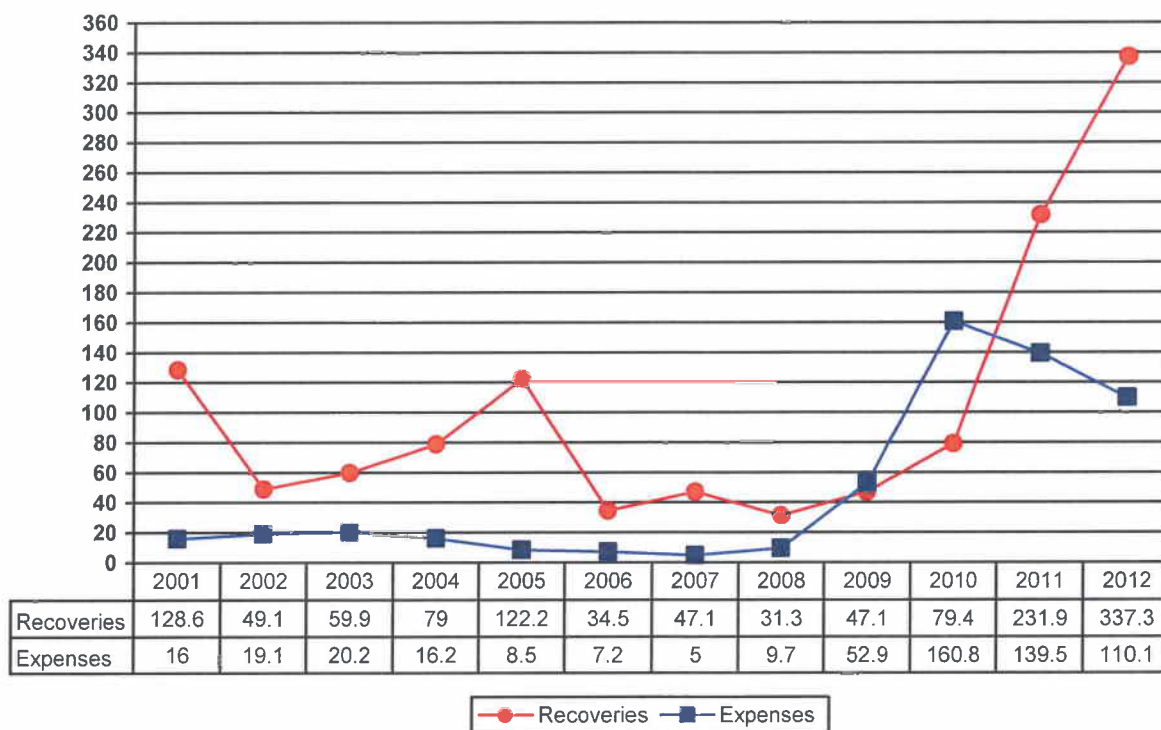
Of the D&O liability recoveries, \$165 million was obtained from two settlements arising out of Washington Mutual Bank (“WaMu”) of Henderson, Nevada, which failed on September 25, 2008, with \$307 billion in assets. At the end of 2011, the FDIC finalized a settlement with three of WaMu’s top executive officers that called for them to provide cash and to turn over pending claims in the Chapter 11 bankruptcy proceeding of WaMu’s former holding company, Washington Mutual, Inc. (“WMI”), totaling \$64.7 million. In addition, on February 23, 2012, PLU finalized a \$125 million settlement of claims against 12 outside directors of WaMu. The FDIC received all of these components, except the assigned bankruptcy claims, during March through June 2012. The \$24.7 million in bankruptcy claims remain outstanding pending finalization of the WMI bankruptcy proceedings.

Of the total program expenses of \$110,149,337 incurred during 2012, \$80,693,459 (73.26 percent) was incurred by the Legal Division, \$29,297,111 (26.60 percent) was incurred by DRR, and \$158,767 (0.14 percent) was incurred by other FDIC Divisions and Offices. Legal Division expenses comprise \$68,065,181 paid to outside counsel and consultants and \$12,628,278 for other expenses (primarily salaries and travel expenses for in-house PLU employees). DRR expenses comprise \$13,291,130 paid to outside contractors and \$16,005,981 for in-house staff. The ratio of total recoveries to total expenses is 3.06 to 1, and the ratio of recoveries to outside counsel and consultant expenses is 4.96 to 1. These ratios are higher than they were for 2011, when the program recovered \$231,927,652, expenses totaled \$139,464,048, the ratio of recoveries to total expenses was 1.66 to 1, and the ratio of recoveries to outside counsel and consultant expenses was 3.58 to 1.

Professional liability program expenses during 2012 are attributable primarily to the substantial receivership funding expenses that the Legal Division and DRR are continuing to incur to conduct investigations and to pursue professional liability litigation arising out of the significant increase in the number of insured financial institutions that have failed since the beginning of 2008. Program recoveries also tend to lag program expenses that are being incurred to obtain the recoveries by several years. Staff typically spends substantial time and money to build a case before defendants become convinced to settle or before staff is able to obtain a judgment. Because only about one in ten individual investigations leads to a recovery, program expenses also include substantial investigation and legal analysis costs that ultimately produce no recoveries whatsoever. Investigation expenses for an individual failed institution include these sunk costs while recoveries from more promising claims from the same institution failure may not be obtained until years later. In addition, program recoveries result not only from settlements

reached and judgments obtained in the current reporting period but also from collections from structured settlements reached in previous years. As a result, most of the expenses incurred during 2012 will not yield recoveries until later years. Concomitantly, much of the recoveries obtained during 2012 actually are the result of expenses incurred in prior years. For all of these reasons, the cost-effectiveness of the program is best measured by comparing recoveries and expenses over many years rather than in any individual year.

FDIC Professional Liability Recoveries and Expenses, 2001-2012 (in \$millions)



As shown in the attached historical table, from 1986 through 2012 the professional liability program has achieved an overall recoveries-to-expense ratio of 3.62 to 1.

Significant Developments During 2012

During 2012 PLU obtained authority from the Board of Directors to sue 369 D&O defendants out of 48 failed institutions. While some of these authorized cases resulted in the filing of lawsuits, in others PLU is actively pursuing settlement negotiations and has not yet filed suit.

On June 1 the FDIC entered into a \$31.96 million settlement with 11 former officers and directors of Downey Savings & Loan Association, F.A. (“Downey”), of Newport Beach, California. Downey failed on November 21, 2008, with \$12.78 billion in assets and a loss to the Deposit Insurance Fund currently estimated at \$565.4 million. The settlement resolved the FDIC’s claims of gross negligence and breach of fiduciary duty against the former officers and directors for implementing a high-risk lending strategy that saddled Downey with high volumes of negatively amortizing Option ARM and other risky mortgage loans that caused over \$400

million in losses to Downey. The settlement was paid in full during October and included all of the remaining available D&O insurance coverage, which was more than \$28.2 million, and \$3.675 million in personal asset contributions. Four of the settling former officers and directors also separately agreed to execute Stipulations and Consents to the Issuance of Orders of Prohibition from Further Participation under section 8(e) of the Federal Deposit Insurance (“FDI”) Act, 12 U.S.C. § 1818(e), barring them from banking.

On December 7 a nine-member jury in the United States District Court for the Central District of California unanimously awarded the FDIC up to \$168.8 million in damages against three former officers of the Home Builder Division (“HBD”) of IndyMac Bank, F.S.B. (“IndyMac”), for negligent lending to real estate developers in connection with 23 acquisition, development, and construction (“ADC”) loans. IndyMac failed on July 11, 2008, with \$30.7 billion in assets and a loss to the Deposit Insurance Fund currently estimated at \$13.085 billion. Scott Van Dellen, the former President and Chief Executive Officer of HBD, was held liable for all \$168.8 million in damages. The other two defendants, Kenneth Shellem, a former Chief Financial Officer of HBD, and Richard Koon, a former Chief Lending Officer (“CLO”) of HBD, were held liable for somewhat lower amounts because they approved fewer than all of the 23 ADC loans and were found not liable on those they did not approve. PLU filed the lawsuit in July 2010 against Van Dellen, Shellem, Koon, and a fourth defendant, William Rothman, another former CLO of HBD. Rothman settled before trial for \$4.75 million payable by liability insurance if the FDIC in a separate related lawsuit succeeds in establishing that insurance coverage is available for its HBD claims. The lawsuit sought \$313 million in damages for negligent lending for the defendants’ approval of 66 ADC loans. The trial focused on determining liability and damages for 23 of the 66 loans representing \$168.8 million of the \$313 million in total damages sought by the FDIC in the overall case. The FDIC retains the option to request a trial on the remaining 43 loss loans, which are similar in nature to the other 23 loans and resulted in an additional \$153 million in losses to IndyMac.

In an additional development related to IndyMac, on December 14 following Board approval the FDIC as Receiver signed a settlement agreement resolving a separate D&O lawsuit that the FDIC had filed against Michael Perry, former Chairman of the Board and Chief Executive Officer of IndyMac Bank. The Perry settlement is for approximately \$12 million comprising a \$1 million personal asset contribution, which Perry fully paid later the same day, and up to an additional \$11 million to be paid by liability insurance once insurance coverage claims are resolved in a separate interpleader action. A second individual, Richard Wohl, former President and a director of IndyMac, who the FDIC Board had authorized suit against at the same time that it authorized suit against Perry, had previously settled before the FDIC filed the complaint against Perry for \$1.4 million comprising a personal contribution of \$150,000 and \$1.25 million in insurance proceeds (subject also to resolution of insurance interpleader action). Perry also separately agreed to execute a Stipulation and Consent to the Issuance of an Order of Prohibition from Further Participation under section 8(e) of the FDI Act, 12 U.S.C. § 1818(e), barring him from banking.

On October 31 after obtaining authority from the Board, PLU filed a complaint out of Colonial Bank (“Colonial”) of Montgomery, Alabama, in the United States District Court for the Middle District of Alabama seeking more than \$1 billion in damages for professional malpractice against two national public accounting firms. Colonial failed on August 14, 2009,

with \$25.5 billion in assets. The defendant firms, PricewaterhouseCoopers LLP (“PwC”) and Crowe Horwath LLP (“Crowe”), served, respectively, as the independent external auditor and the internal audit consultant for Colonial and its holding company. The complaint alleges negligence, gross negligence, negligent misrepresentation, and, in the case of PwC, breach of contract arising from numerous violations of professional standards in auditing the Bank’s financial statements for 2006 and 2007. The complaint further alleges that the audit failures prevented the defendant firms from discovering a massive multi-year fraud by the Bank’s largest customer, Taylor, Bean & Whitaker Mortgage Corporation (“TBW”), that was carried out with the active assistance of two Colonial bank employees enabling TBW to continue the fraud longer than it could have had the malpractice not occurred and causing additional substantial losses to Colonial. PwC and Crowe filed motions to dismiss the complaint on January 7, 2013. These motions remain pending.

During 2012 PLU also obtained authority from the Board to pursue 15 lawsuits based on the purchase of residential mortgage-backed securities (“RMBS”) by six failed banks. With the addition of these 15 lawsuits, the FDIC has now filed 18 RMBS cases arising out of the following seven receiverships: Franklin, S.S.B. (“Franklin”), of Houston, Texas, which failed on November 7, 2008 (3 cases); Security Savings Bank (“Security”) of Henderson, Nevada, which failed on February 27, 2009 (2 cases); Strategic Capital Bank (“Strategic”) of Champaign, Illinois, and Citizens National Bank, of Macomb, Illinois, sister banks which both failed on May 22, 2009 (3 cases); Colonial (5 cases); Irwin Union Bank and Trust Company (“Irwin”) of Columbus, Indiana, which failed on September 18, 2009 (2 cases); and Guaranty Bank (“Guaranty”) of Austin, Texas, which failed on August 21, 2009 (3 cases). These lawsuits seek a total of \$3.1 billion in damages based on 140 RMBS, of which the claims out of Guaranty Bank are the largest collectively accounting for \$2.1 billion of damages. In addition, the FDIC has one inherited RMBS case for \$46 million in damages arising out of United Western Bank (“UWB”) of Denver, Colorado, which failed on January 21, 2011, for a total of 19 RMBS cases.

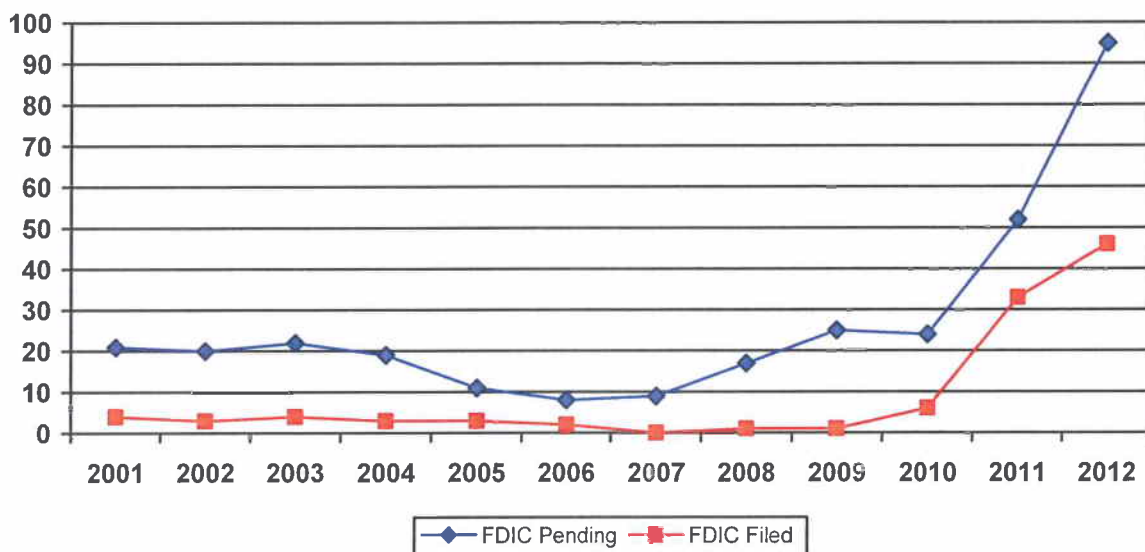
Notable developments during the year in the RMBS cases include numerous rulings on multiple motions to remand and motions to dismiss. In connection with Franklin, during 2012 defendants removed to federal court three lawsuits that had been filed in state court in 2011. One of the three lawsuits was subsequently transferred to the United States District Court for the Central District of California for coordinated proceedings in the Countrywide Multidistrict Litigation (“MDL”). The FDIC succeeded in having the other two lawsuits remanded to state court in Texas. Similarly, after defendants removed all three of the Guaranty RMBS lawsuits to federal court in August 2012, one of the three lawsuits was transferred to the Countrywide MDL and the other two were successfully remanded to state court in Texas in December 2012. The two RMBS cases arising out of Security, which were filed in state court, also were removed by defendants to federal court and are now pending in the MDL. Similar motions to remand are pending in connection with four cases filed in state court arising out of Colonial and Irwin. During 2012 motions to dismiss also were filed in 9 of the 19 RMBS cases. To date, only two of those motions have been fully briefed and decided. The remainder are still being briefed or are awaiting decision. In the UWB case, which is pending in the MDL, on June 15 the MDL court granted defendants’ motion to dismiss claims arising under the Securities Act of 1933 on statute of limitations grounds but denied the motion with respect to claims arising under the Colorado Securities Act. In addition, in connection with one of the RMBS lawsuits arising out of Strategic, the MDL court granted defendants’ motion to dismiss on statute of limitations

grounds, dismissing this Strategic case in its entirety. The FDIC filed a notice of appeal of this Strategic decision on December 21, 2012, to the United States Court of Appeals for the Ninth Circuit.

In 2012 D&O liability insurance companies filed an increasing number of lawsuits requesting declaratory judgments that FDIC D&O liability claims are not covered by their insurance policies. Progressive Casualty Insurance Company (“Progressive”) was the most active, filing four new lawsuits in addition to the two lawsuits that it had previously filed in 2011. Other carriers filing similar declaratory judgment lawsuits were Certain Underwriters of Lloyd’s London; BancInsure, Inc.; Valiant Specialty Insurance Company; OneBeacon Midwest Insurance Company; Cincinnati Insurance Company; The Travelers Companies, Inc. (or its subsidiaries); and XL Insurance Company. Although the terms of the insurance policies at issue vary somewhat, these lawsuits most commonly seek declarations that there is no coverage for claims by the FDIC as Receiver, because an insured v. insured exclusion and a carve-out from the definition of “Loss” for unpaid loans in the policies preclude coverage. In 2012 multiple courts also considered dispositive motions by insurance companies filed before the commencement of discovery. In six decisions, courts consistently denied insurers’ attempts to obtain summary adjudication. Although some of the courts denied the motions as premature because discovery had not yet commenced, some based their decisions on the merits concluding – in favorable holdings for the FDIC – that the insured v. insured exclusion and the unpaid loan carve-out are both ambiguous as applied to the FDIC as Receiver. A preliminary holding of this nature that an insurance policy is ambiguous is a good indication that the FDIC ultimately is likely to succeed in establishing insurance coverage for its claims in these cases.

The following graph shows professional liability civil cases from 2001 through year-end 2012, both filed and pending. (“Pending” actions include claims filed by PLU along with claims filed by an institution before it failed that the FDIC inherited as Receiver.)

FDIC Professional Liability Civil Actions, 2001-2012
(Excludes MMF and other PL-related matters such as individual bankruptcy cases)



PLU also obtained approval from delegated authority during 2012 to file 97 MMF lawsuits. The largest of these arose out of the failure of WaMu. The approved defendant in this case is a title insurance company, First American Title Insurance Company (“First American”). First American was sued for two reasons. First, it had issued a closing protection letter (“CPL”) for each of five residential loans that caused a total of \$3.95 million in losses to WaMu. The CPLs require First American to reimburse WaMu for losses resulting either from the failure of a title insurance company’s closing agent to adhere to WaMu’s closing instructions or from the agent’s fraud or dishonesty in handling WaMu’s funds or documents in closing the loans. These five loan closings were part of a broad conspiracy among the closing agent and others to defraud WaMu in residential loan closings. In addition, delegated authority separately authorized a lawsuit against First American in connection with a sixth loan closed by a different closing agent, who also was dishonest in the closing of the loan and failed to follow WaMu’s closing instructions. In October 2012 PLU filed a consolidated lawsuit against First American based on losses from all six loans for \$4.55 million in damages.

PLU had 168 active MMF lawsuits pending at the end of 2012. These arise out of 17 failed institutions but primarily out of IndyMac (56); AmTrust Bank of Cleveland, Ohio, which failed on December 4, 2009 (49); BankUnited (25); WaMu (8); Downey (6); Colonial (5); NetBank of Alpharetta, Georgia, which failed on September 28, 2007 (4); and Home Savings of America of Little Falls, Minnesota, which failed February 24, 2012 (4). The remaining 11 MMF lawsuits are associated with 9 other failed institutions around the country. PLU also has more than 1,000 additional residential MMF loss loans in investigation.

PLU staff also obtained approval from delegated authority during 2012 to settle 63 MMF cases. During the year, PLU collected a total of \$14,488,845 from residential MMF claims.

PLU Workload and Staffing at Year-End

During 2012 51 FDIC-insured financial institutions failed, 33 of which were headquartered in five states, Georgia (10), Florida (8), Illinois (8), Minnesota (4), and Tennessee (3). The largest institution to fail was Tennessee Commerce Bank of Franklin, Tennessee, which failed on January 27, 2012, with \$1.009 billion in assets. These 51 failures brought total institution failures since the beginning of 2007 to 468.

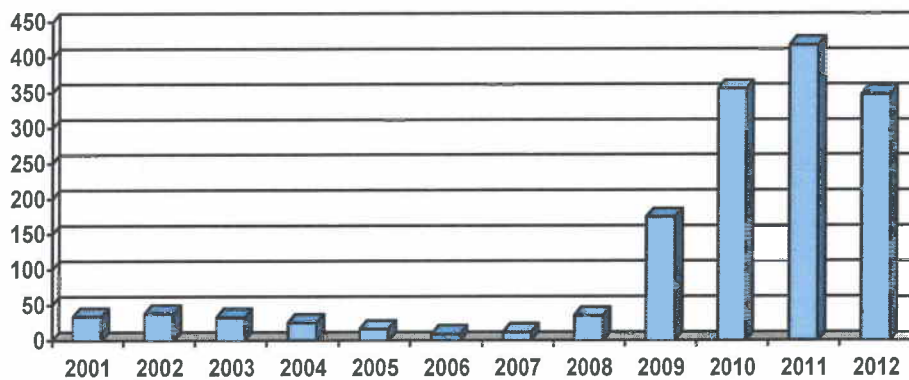
These 468 failures on average also were relatively large in size, since their assets at failure totaled \$682.9 billion. While these 468 failed institutions constitute only 19.99 percent of the total number of 2,341 institutions that failed during the previous failing bank and thrift crisis spanning 13 years from 1982 to 1994, the total assets of \$682.9 billion associated with these 468 failed institutions are 103.92 percent of the \$657.09 billion in total assets associated with the 2,341 failures from the prior crisis.¹

¹ The average asset size of these 468 failed institutions is \$1.46 billion. Even excluding WaMu, which failed in 2008 with \$307 billion in assets, the average asset size of the 467 remaining failed institutions is \$804.92 million – still nearly three times the average \$281 million asset size of the 2,341 institutions that failed during the 1982-1994 crisis.

The data in this memorandum on numbers of failed institutions and associated assets have been reviewed and approved by the FDIC’s Division of Insurance and Research.

Given their large average size and greater complexity, these 468 failures in the past six years have resulted in a very substantial increase in PLU’s workload. As measured by five workload drivers, PLU’s overall workload increased slightly during 2012 over its overall workload at year-end 2011 and is expected to continue to remain elevated and thus still very heavy during 2013. However, the nature of PLU’s workload is changing – litigated cases make up an increasingly larger portion of PLU’s workload while investigations make up a slowly decreasing portion of PLU’s workload. For each institution that fails, PLU opens 11 different types of investigations, although most are soon closed once it becomes clear that no viable claims exist.² As of September 1, 2007, PLU had 49 open institutions in its inventory (39 of which were open solely for the limited purpose of monitoring collections from judgments and structured settlements), 8 professional liability lawsuits, 3 related lawsuits, 0 MMF lawsuits, 12 open investigations, and 95 active collection matters.³ As of year-end 2012, PLU had 379 open institutions, 95 pending professional liability lawsuits, 10 additional related lawsuits, 168 MMF lawsuits, 1,343 open investigations,⁴ and 100 active collection matters.

Institutions With Open Investigations or Lawsuits at Year-End



Institutions open only for collection are not included

To handle its substantially increasing workload, PLU began increasing its staff significantly starting in the second half of 2008. From a single office in Virginia Square that had 13 total staff including 2 managers in mid-2008, PLU, as of year-end 2012, had grown to 55 total staff including 8 managers and 37 attorneys in three offices – Virginia Square; the East Coast Temporary Satellite Office in Jacksonville, Florida; and the Dallas Regional Office in Dallas,

² The 11 types of investigations are: (1) D&O, (2) fidelity bond, (3) MMF, (4) attorney, (5) accountant, (6) appraiser, (7) RMBS and other securities, (8) commodities, (9) insurance, (10) insurance issuer, and (11) other. Some institutions have multiple matters open. For example, a single bank may have a pending D&O lawsuit, an active RMBS investigation, and a pending attorney malpractice lawsuit.

³ For PLU management purposes, a failed institution is “open” in PLU while PLU is working on any matter relating to that failed institution. All institutions in PLU’s inventory are failed institutions.

⁴ An “open investigation” in PLU’s inventory refers to the fact that PLU routinely opens 11 investigations for each failed institution but then “closes” each investigation as it either determines that there is no claim worth pursuing or settles the associated claim. An “open investigation,” therefore, is an investigation in PLU’s inventory that is still active because it has not been settled or otherwise terminated.

Texas. PLU's staff of 55 is temporarily down from 65 authorized positions due to the sunset of both the West Coast Temporary Satellite Office on January 13, 2012, and the Midwest Temporary Satellite Office on September 28, 2012, as well as several recent unexpected departures of temporary attorneys and support staff. PLU is currently in the process of hiring additional attorneys and support staff to restore its staff strength.

Conclusion

During 2012 the FDIC's professional liability program operated cost-effectively recovering a total of \$337,332,160 and incurring total expenses of \$110,149,337 as PLU and DRR Investigations continued to devote substantial resources to the continuing professional liability investigations and the increasing number of litigated cases arising out of the 468 failures that have occurred since the beginning of 2007 through year-end 2012.

FDIC PROFESSIONAL LIABILITY RECOVERIES AND EXPENSES (\$ MILLIONS)

	Recoveries ¹	In-House PLU Expenses	DRR Investigation Expenses	Outside Counsel Expenses	Total Expenses ²	Ratio of Recoveries to Outside Counsel Expenses	Ratio of Recoveries to Total Expenses
2012	\$337.3	\$12.6	\$29.3	\$68.1	\$110.1	4.96 to 1	3.06 to 1
2011	\$231.9	\$12.0	\$62.3	\$64.7	\$139.5	3.58 to 1	1.66 to 1
2010	\$79.4	\$10.1	\$102.5	\$47.2	\$160.8	1.68 to 1	0.49 to 1
2009	\$47.1	\$5.2	\$35.9	\$11.3	\$52.9	4.18 to 1	0.89 to 1
2008	\$31.3	\$2.0	\$5.3	\$2.4	\$9.7	13.1 to 1	3.23 to 1
2007	\$47.1	\$2.0	\$7.7	\$2.3	\$5.0	20.62 to 1	9.40 to 1
2006	\$34.5	\$2.6	\$9.9	\$3.7	\$7.2	9.30 to 1	4.80 to 1
2005	\$122.2	\$3.4	\$1.1	\$3.9	\$8.5	31.04 to 1	14.38 to 1
2004	\$79.0	\$4.0	\$3.1	\$9.0	\$16.2	8.79 to 1	4.88 to 1
2003	\$59.9	\$3.5	\$3.0	\$13.7	\$20.2	4.38 to 1	2.96 to 1
2002	\$49.1	\$3.2	\$2.8	\$13.1	\$19.1	3.75 to 1	2.57 to 1
2001	\$128.6	\$3.4	\$2.1	\$10.5	\$16.0	12.25 to 1	8.04 to 1
2000	\$54.4	\$4.0	\$2.7	\$14.0	\$20.7	3.89 to 1	2.63 to 1
1999	\$84.2	\$5.8	\$3.2	\$17.4	\$26.4	4.84 to 1	3.19 to 1
1998	\$186.5	\$5.8	\$4.2	\$21.9	\$31.9	8.52 to 1	5.85 to 1
1997	\$156.8	\$7.8	\$2.3	\$29.1	\$39.2	5.39 to 1	4.00 to 1
1996	\$195.9	\$15.8	\$4.0	\$48.1	\$67.9	4.07 to 1	2.89 to 1
1995	\$563.9	\$14.0	\$5.3	\$98.1	\$117.4	5.68 to 1	4.75 to 1
1994	\$909.9	\$17.7	\$11.2	\$135.5	\$164.4	6.72 to 1	5.53 to 1
1993	\$1,231.2	\$18.4	\$17.9	\$187.3	\$223.6	6.57 to 1	5.51 to 1
1992	\$972.6	\$15.7	\$16.6	\$179.3	\$211.6	5.42 to 1	4.60 to 1
1991	\$425.2	\$11.7	\$7.7	\$183.7	\$203.1	2.31 to 1	2.09 to 1
1990	\$374.3	\$6.1	\$5.2	\$94.8	\$106.1	3.95 to 1	3.53 to 1
1989	\$152.1	\$4.5	\$4.5	\$32.0	\$41.0	4.75 to 1	3.71 to 1
1988	\$90.0	\$1.4	\$3.7	\$20.8	\$25.9	4.33 to 1	3.47 to 1
1987	\$71.5	\$1.1	\$4.3	\$15.2	\$20.6	4.70 to 1	3.47 to 1
1986	\$83.3	\$1.0	\$3.0	\$10.9	\$14.9	7.64 to 1	5.59 to 1
TOTAL	\$6,799.20	\$194.80	\$344.80	\$1338.00	\$1879.90	5.08 to 1	3.62 to 1

¹ Recoveries comprise all FDIC, RTC, and FSLIC recoveries, including RTC and FDIC Drexel-Milken recoveries of \$1.143 billion.

² Expenses include Drexel-Milken expenses of \$106.1 million. The following categories of expenses are unavailable and are not included: all FSLIC fees and expenses for 1986-1988; FSLIC in-house (legal and investigation) expenses for 1989; and RTC in-house expenses (1989-1995). DRR investigation expenses (in column 4) for all years before 1998 are staff compensation only (and exclude other direct costs). In-house expenses for all years shown exclude overhead.